

# Framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

2023/0081(COD) - 14/03/2023 - Legislative proposal

**PURPOSE:** to establish a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act).

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the EU has committed to achieve climate neutrality, including net-zero greenhouse gas emissions, by 2050. This objective is at the heart of the European Green Deal and in line with the EU's commitment to global climate action under the Paris Agreement. The Net-Zero Industry Act (NZIA) aims to scale up the manufacturing of technologies which are key to achieve climate-neutrality such as solar panels, batteries and electrolyzers, among others, or key components of such technologies, such as photovoltaic cells or the blades on wind turbines. The Act will simplify the regulatory framework for the manufacturing of these technologies and therefore help increase the competitiveness of the net-zero technology industry in Europe. It will also accelerate the capacity to store CO<sub>2</sub> emissions.

Together with the [proposal](#) for a European Critical Raw Materials Act and the reform of the electricity market design, the Net-Zero Industry Act sets out a clear European framework to reduce the EU's reliance on highly concentrated imports.

**CONTENT:** therefore, the Commission is presenting this proposal which seeks to establish the framework of measures for innovating and scaling up the manufacturing capacity of net-zero technologies in the Union to support the Union's 2030 target of reducing net greenhouse gas emissions by at least 55 % relative to 1990 levels and the Union's 2050 climate neutrality target and to ensure the Union's access to a secure and sustainable supply of net-zero technologies needed to safeguard the resilience of the Union's energy system and to contribute to the creation of quality jobs.

The proposal supports **eight strategic net zero technologies**. These are: (i) solar photovoltaic and solar thermal technologies; (ii) onshore wind and offshore renewable energy; (iii) batteries and storage; (iv) heat pumps and geothermal energy; (v) electrolyzers and fuel cells; (vi) biogas/biomethane; (vii) carbon capture and storage (CCS); and (viii) grid technologies (which also include electric vehicles smart and fast charging).

To achieve the general objective, this proposed Regulation contains measures with a view to ensuring:

- that by 2030, manufacturing capacity in the Union of the strategic net-zero technologies listed in the Annex approaches or reaches a benchmark of **at least 40% of the Union's annual deployment needs** for the corresponding technologies necessary to achieve the Union's 2030 climate and energy targets;
- the **free movement** of net zero technologies placed on the Single market.

Where the Commission concludes that the Union is likely not to achieve the objectives set out above, it should assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives.

The Net-Zero Industry proposal is built on the following pillars:

- 1. Setting enabling conditions:** the proposal will improve conditions for investment in net-zero technologies by enhancing information, reducing the administrative burden to set up projects and simplifying permit-granting processes. In addition, it proposes to give priority to Net-Zero Strategic Projects, that are deemed essential for reinforcing the resilience and competitiveness of the EU industry, including sites to safely store captured CO<sub>2</sub> emissions. They will be able to benefit from shorter permitting timelines and streamlined procedures;
- 2. Accelerating CO<sub>2</sub> capture:** the proposal sets an EU objective to reach an annual **50Mt injection capacity in strategic CO<sub>2</sub> storage sites in the EU by 2030**, with proportional contributions from EU oil and gas producers. This will remove a major barrier to developing CO<sub>2</sub> capture and storage as an economically viable climate solution, in particular for hard to abate energy-intensive sectors;
- 3. Facilitating access to markets:** to boost diversification of supply for net-zero technologies, the draft Regulation requires public authorities to consider sustainability and resilience criteria for net-zero technologies in public procurement or auctions;
- 4. Enhancing skills:** the proposal introduces new measures to ensure there is a skilled workforce supporting the production of net-zero technologies in the EU, including setting up **Net-Zero Industry Academies**, with the support and oversight by the Net-Zero Europe Platform. These will contribute to quality jobs in these essential sectors;
- 5. Fostering innovation:** the Act makes it possible for Member States to set up regulatory sandboxes to test innovative net-zero technologies and stimulate innovation, under flexible regulatory conditions;
- 6. A Net-Zero Europe Platform** will assist the Commission and Member States to coordinate action and exchange information, including around Net-Zero Industrial Partnerships. The Commission and Member States will also work together to ensure availability of data to monitor progress towards the objectives of the Net-Zero Industry Act. The Net-Zero Europe Platform will support investment by identifying financial needs, bottlenecks and best practices for projects across the EU. It will also foster contacts across Europe's net-zero sectors, making particular use of existing industrial alliances.

### ***One-stop-shop***

To increase efficiency and transparency, the Net-Zero Industry proposal will thus require Member States to set up one-stop shops that act as single points of contact for project promoters. These will facilitate and coordinate the entire permit-granting process and issue a comprehensive decision within the applicable time-limits.

### ***Budgetary implications***

The proposal establishes a Net-Zero Europe Platform. Heading 7 of the EU budget will support the organisation of the Net-Zero Europe Platform with a total of EUR 5.130 million for six officials. This translates into an annual expenditure of EUR 1.026 million. The staff will be responsible to carry out the tasks in relation to the Net-Zero Europe Platform as well as the Net-Zero Industry Academies as set out in this Regulation. Furthermore, the proposal estimates additional costs for committees with a budget of EUR 125.000.

The funding of the associated operational costs of this initiative will be supported by the budget for the ‘Operation and development of the internal market of goods and services’ under the current Multiannual Financial Framework until 2027.

In order to conduct research and data analysis for monitoring the initiative and market developments as well as to obtain up-to-date data on net-zero technology supply chains to tackle issues related to this Regulation a budget of EUR 720.000 is allocated.

This proposal will support Net-Zero Industry Academies with seed funding in form of EUR 3 million from the budget for the Clean Hydrogen Joint Undertaking and EUR 2.5 million from the budget of the Single Market Programme, SME pillar.